

# **INDUSTRIAL DECLINE OF INDIA AND ITS CAUSES**

**(1600 CE – 1924 CE)**

*By*

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In the Name of Allah, the Most Gracious the Most Merciful

## PUBLISHER'S NOTE

The treatise, which is in your hands, was penned down by the Late Maulana Sayyid Abul A'la Maududi in the year 1924. He was merely 21 at that time.

By critically analyzing the exploitative policy of the British, Sayyid Maududi made it clear that very strategically the British gradually reduced India from an Industrial country to an agricultural one. And on the other hand, their own Industrial development is indebted to Indian wealth. Up until 1757, they tried very hard to gain ground in the Industrial field but every time lack of wealth got in their way and they failed all the time. When Bengal's wealth, after the Battle of Palasiy started to flow in their direction, it changed their fortunes. Gradually, England too began to be counted as an Industrial country.

Unfortunately, England considered India to be her rival in the Industrial domain. Since the latter was under the rule of the former, through craftiness, bullying and dishonesty – by all three means – every effort was made to completely crush India's Industry. Infact various other means were also employed for this purpose. Consequently, industry in India started to die down on its own and her industrialists started to suffocate. On the one hand the foreign imperialism was busy in this great game of social exploitation and on the other hand, millions of people were moaning in its deadly grips. Sayyid Maududi has unmasked, in the light of well documented proofs, this policy of exploitation pursued in the reign of both the East India

Company and the British Crown, in such a way that the wheat is separated from the chaff.

In all likelihood, it was the genius of this kind of "anti-exploitation" writings that awakened a sleeping nation. Its people rose up for freedom and the foreign power had no choice but to retreat.

This treatise was written at the time when India was under the British rule. That's why the Parliament referred to in it is the British Parliament, the Government is the British Government and the Prime Minister is the one whose office was created in London for the administration of the Sub-continent.

It wouldn't be uninteresting, at this point to mention the fact here that this treatise was first serialized in Lucknow's famous magazine "Nigar" in three parts (October, November & December 1924). And the first installment was published under the name of Late Mr. Niyaz Fatehpuri as its writer. When the writer protested against it, then second and third parts were published under the name of 'Abul A'la' and 'Abul A'la Maududi' respectively. Sayyid Maududi himself has related this incident in one of his letters. He writes: "I wrote a very detailed article on the economic losses caused by the British government to India. It was the product of many months of my hard labour. I strongly protested when the first part of the article was published in 'Nigar' under Mr. Niyaz's name. Consequently, the remaining two parts got published under my name". (Letters of Sayyid Abul A'la Maududi, vol.2, Letter no. 221, compiled by Asim Nomani).

## INTRODUCTION

71% (approximately 220 million) of the 320 million population of the country of India is totally dependent on agriculture and the remaining 29% consists of all those people who make their living through various other means. And the percentage of workers and skilled craftsmen of this 29% group is merely 12. But when we make a comparison of this percentage with England's, it emerges that England has 52% of skilled craftsmen and only 8% are those whose source of livelihood is agriculture.

This comparison is pathetic by itself, but this too isn't enough to make a correct assessment of India's economic weakness because further down the line, when we take a look at the details, we find that most of our craftsmen are those who can't meet even the basic needs of life and a big part of them are of inferior kind of artisans like blacksmiths, carpenters, confectioners, goldsmiths, tailors, dyers, potters etc. So, in reality the craftsmen here are just 2 – 3 % who turn country's raw material into useful products, but their industry too is based on such an inferior degree of intelligence that we feel ashamed to present them as national craftsmen.

In terms of production, our country is probably the most fertile in the world. Its land is enriched with economic wealth. Its weather is conducive to all kinds of industries. Its treasure troves are filled with various minerals, flora and fauna and it has extremely hardworking and highly competent population. But they do not have the ability to put these God given

wealth and power into service. As a result, our position in this world is of a person who sells his raw material to others at a paltry price and is then forced to buy the finished product at a higher price, as if we were born only to sow and others to reap!

A true picture of this appalling condition is seen in our country's import and export. Our country produces 900,000 tons of cotton on an average of which 600,000 ton is exported and then cloth worth Rs. 660 million is imported from other countries. India produces 70 million pounds of wool of which around 55 million pounds is exported and woollen clothes worth 55 million and 300 thousand rupees are imported from foreign countries. Similarly, around 45,000 tons of leather is exported which is valued at Rs. 50 - 60 million on an average and around 1.2 million tons of oil seeds are produced which is valued at Rs. 260 - 270 million. Other than these, Rs. 450 million of grains, Rs. 360 million of jute, Rs. 7 million of tobacco, Rs. 10 million of spices and Rs. 190 million tea are noteworthy. In contrast to these, take a look at those commodities which are imported from foreign countries for example - Rs. 150 million of sugar, Rs. 230 million of machines, Rs. 40 - 50 million of cars, Rs. 40 million of dyes and oil, Rs. 35 million of paper, Rs. 60 million of tools and cutlery, and Rs. 50 million of jewellery and ornaments.

This brief account of the situation of our imports and exports might have made it clear that our country is solely for the purpose of providing raw material and doesn't enjoy even a small status in the civilized world industrially.

## PAST INDUSTRIAL DEVELOPMENT OF INDIA

Now a natural question that arises here is: why are we in such an abject state? India's history is replete with such outstanding industrial practices that hardly any other country could be considered its equal. There is no doubt that we have always been agriculturalists, but the world never saw us in that way but rather as top industrialists.

The mummified bodies as old as 2000 BC were found shrouded in Indian muslin and a 1000 year before that, the markets of Babylon were seen filled with goods from India. In 1 CE, Pliny the elder (23 – 27 AD) complains that Rome's wealth (£2 million yearly) was being drained in exchange for Indian goods and Dhaka's muslin was found in the Greeks by the name of Jhanna/Jhuna. Prof. Weber admits that in arts like dying, weaving fine cloth, refining of ores and jewellery and many other such specialized arts, the intelligence of Indians is famous since antiquity<sup>1</sup>. Mr. Ball admits regarding the famous Iron pillar near Delhi, that it is not many years since the production of such a pillar would have been an impossibility in the largest factories in the world, in 19<sup>th</sup> Century and even now, there are comparatively very few factories where such a mass of metal could be turned out.<sup>2</sup> Such an open confession is found even in the Indian Industrial Commission Report:

*"At a time when the west of Europe, the birth place of the modern industrial system, was inhabited by uncivilized tribes, India was famous for the wealth of her rulers and for the high artistic skill of her craftsmen. And, even at a much later period, when merchant adventurers from the West made their first appearance in India, the industrial development of this*

country was, at any rate, not inferior to that of the more advanced European nations.<sup>3</sup>

Testifying before an 1833 Parliamentary Sub-Committee, Mr. Rickards says:

*"Let it also be recollected that in many branches of art their skill is absolutely unrivalled. Several of their fabrics such as muslin, shawls, embroidered silks, handkerchiefs etc., together with pieces of workmanship in gold, silver and ivory, have never yet been equalled by British artists"*<sup>4</sup>

Mr. Verelet who was one of the early Governors of the East India Company, says:

*"Bengal's silk clothes are found far and wide both in the country and abroad, it's in high demand even in Isfahan"*

Even in the 18<sup>th</sup> and 19<sup>th</sup> centuries, which are considered to be India's period of extreme decline, the Indian industry was so advanced that muslin and the chikan work of that period are unmatched even in the 20<sup>th</sup> century.<sup>5</sup>

The famous historian Murray writes:

*"Indian crafts which are the finest example of human handiwork, were obtained by European merchants by taking severe risks"*<sup>6</sup>

The 'Chintz' (glazed printed cloth) of India became so popular in England that it was named "Calico" because it was imported from Calicut. Praising Banaras silk textiles, Macaulay writes:

*"People used to wear it with pride while going to the ballrooms of Versailles and St. James."*<sup>7</sup>

Lecky writes in his 'History of England In The Eighteenth Century' that:

*"Till the end of the 17<sup>th</sup> century, beautiful cheap Chintz from India used to come to England a lot and gained so much popularity that it threatened the livelihoods of the wool and silk weavers of England. Finally, in the*



years 1700 and 1721, the Parliament passed Acts, prohibiting the importation and use of Chintz and printed Calicos albeit with small exception."<sup>8</sup>

Sir Henry Cotton writes in his book 'New India':

"A century ago from now, Dhaka's trade reached Rs.10 million annually and muslin worth Rs.3 million used to go to England alone".

Testifying to the investigative committee on the affairs of the East India Company, Sir Thomas Munro says:

*"If by culture of a country, its excellent agricultural practice and superior industrial intelligence are meant, then India is not in any way inferior to any European country. And her products will be very profitable when they arrive in England."*<sup>9</sup>

In relation to his testimonial, Sir Munro states at one place:

*"I have been using an Indian shawl since 7 years and it is still as good as it was before when I first bought it and if anyone were to give me a shawl made in Europe even for free, I wouldn't want to wear it."*

Furthermore, he said:

*"The biggest reason for the unpopularity of the European products in India is that Indian products are by far the best products."*<sup>10</sup>

When we read these historical accounts, we just can't believe that they are portrayals of our country's past, because compared to the beautiful cloth of Manchester and Lancashire, our cloth is coarse and clumsy. But just a century ago, the Governor of Madras\* himself wasn't ready to accept the European made best quality shawl even if given for free because compared to the Indian shawl, it was bad by a great deal.

How come such a great revolution happened in just a century of time? This is a question which needs to be examined thoroughly in all seriousness.

When talking about the economic and civilizational conditions of any country, the most important thing to be considered is what kind of system of governance it has? It is a key rule that government plays a major role in the success and failure of nations. No nation can progress if its system of governance isn't right. And similarly, no nation can be destroyed until its system of governance doesn't get corrupted. John Bright says that *"If you look at a country whose land is fertile and enriched with all kinds of materials but its inhabitants are living in straitened circumstances then assume immediately that there's something wrong in its system of governance."* That's why, India too cannot be an exception to this rule and the true cause of its industrial destruction too should be enquired in the light of this view.

### THE ONSET OF DECLINE

The period of decline of Indian industries begins from the middle of the 18<sup>th</sup> century. Emperor Aurangzeb's death in 1707 was like a message of death to the prosperity and sovereignty of India. Aurangzeb's personality was a strong bond which kept all parts of the country together and with its breakage, all parts got scattered one by one. Entire India descended into civil wars and petty kings sprung up vying for territory. New nations started to emerge enthusiastically seeking power. Every province was swept away by the desire for power and whoever had any chance, seized it with his sword.

It was but inevitable that peace was lost in this great upheaval and trade and industry, for which peace is a prerequisite, started to decline. But as Burke has said, one thing redressed this damage to a great degree; meaning many small kingdoms were established in various provinces replacing the great Moghul Empire and they all were appreciative of local industry. The family of Murshid Quli Khan in Bengal, the House of Shuja-ud-Dawlah in Awadh, the Court of Asif Jahi in Hyderabad – they all, in terms of appreciation, were successors to the Mughal Empire. Even the Marathas, whose viewpoint was nothing more than collecting ‘Chauth’\* used to patronize craftsmen in their territories. Though the court of the Emperor of Delhi did not enjoy any status other than being a vestige of the past greatness and glory, it nevertheless was the court of the descendants of Akbar and Jahangir and its revelries predominantly displayed local hue and taste and the wealth that was being spent unsparingly, wouldn’t have gone to Lancashire, but rather would have stayed here for the promotion of national industry.

### **EMERGENCE OF EAST INDIA COMPANY’S MILITARY POWER.**

In the same period, another power emerged in East India which was of totally different kind: East India Company, which until now busy in conducting its business with peace as a trading company of England, suddenly entered the arena as a military power. At first, it waged a war against France in order to monopolize the eastern trade and after 17 years of struggle, finally managed to clear the Indian ocean of its rivals. Then, by waging war against the Subedar

(Governor) of Bengal, seized its power in 1757. In 1765, it acquired the Diwani rights from the Emperor of Delhi, took control of Banaras in 1775 and made Mysore part of its empire before the end of the 18<sup>th</sup> century. With the start of the 19<sup>th</sup> century, its empire was spreading far and wide across the vast country of India – the Kingdom of the Peshwas, Surat, Karnataka, Coorg, Allahabad, Farkhabad – came under its suzerainty in the first 20 years followed later on by Sindh, Nagpur, Jhansi, Awadh, Punjab etc. And not even the first half of the century was over, there wasn't any place in India where it hadn't established its majestic authority. And later on, when the last flame of the Delhi court finally died out, the reins of government went into the hands of English crown instead of the company and the nature of Government remained the same as usual.

These people didn't come to conquer and rule the country but rather their purpose was trade. Therefore, the only reason they used sword was to expand their trade and so that none could remain in the market of the east but them. In the words of Prof. Schmoller:

*"The purpose of war fought by England in the 17<sup>th</sup> & 18<sup>th</sup> centuries was purely economic. In that period, the zeal of the English nation for commercial and economic dominance was so intense that defeating its rivals in trade through sword and acquiring commercial and industrial monopoly of the world through military force could be described as the summary of that period's entire history."*<sup>11</sup>

Even the company itself hasn't kept this fact a secret. Therefore, we find clear records in the old publications of the company that the objective of "Great Britain" from the expansion of its empire was to explore how much profits it could make from the

Asian possessions and not how and why these territories be governed in the best way possible."<sup>12</sup>

Even a broad and high-minded Englishman like Lord Macaulay had such a narrow point of view in this connection that the only reason he supported governing India with fairness was because it was more profitable to do business with developed and civilized people than ruling over savages. He says:

*"It is by far the best if the inhabitants of India were to buy English goods by being subjects of their own kings and Nawabs than saluting to English collectors and magistrates but not qualified enough to appreciate the true value of English goods."*

By opposing victorious wars in India and the atrocities of English rulers, he put forth the British viewpoint in clear terms that:

*"Making 100 million Indians one's customers is more profitable than making them one's slaves."*

Obviously, the Government which is formed keeping this point in mind will be totally different from the one formed for the sole purpose of governance. The methods adopted by the company to achieve its objectives are outside the fold of this treatise to a certain extent but few pointers are necessary here to underscore the nature of its regime so that it could be imagined how toxic the atmosphere was in which India's industry took its last breath.

## **MORAL CONDITION OF THE COMPANY'S EMPLOYEES**

It was not at all acceptable to the Company to spend on the administration of its Indian possessions and was always concerned about amassing more and more wealth. No memo, of that era, dispatched by the Court of Directors was free from the demand for

money and the highest benchmark of every employee's service was nothing but how much did he add to the Company profits. Therefore, Rs.15 million was sent to England annually just from Bengal alone in the early days of the Diwani rights. Because of this extraordinary surplus, entire region of Bengal got affected by famine in 1769 but the revenue was collected more cruelly that year. Therefore, there's a confession of the Court of Directors: "The revenue collected this year is so great that it is unprecedented." In 1770, the famine got more severe and all hell broke loose on the people of Bengal that in the words of the Company itself 10 million people (a third of the population) perished. But the Directors of the Company express joy in it as is mentioned in their letter dated 11 September 1770 that:

*"Despite the severity of the famine, there isn't any reduction in the revenue as was anticipated."*

Next year, in February 1771, they write in one of their letters:

*"Despite severe famine and great reduction in population, this year there has been a considerable increase in the administration of Bengal and Bihar."*

Warren Hastings writes in his letter dated 3 November 1772:

*"Despite the death of a third of the population and an extraordinary reduction in agriculture as a result, the revenue of 1771 was much more than the revenue collected in 1768."*<sup>13</sup>

The Company not only did these things to collect money but, in the words of Mrs. Besant:

*"It made agreements, then broke them or changed them. It looted. It killed. And established a great empire within a century."*<sup>14</sup>

*"To illegally invade the prosperous territory of the Rohillas, it sold its military power to Shuja-ud-Dawlah for £200,00 and laid waste to Rohilkhand in such a way that villages and towns were turned into deserts, and more than 100,000 people were destroyed<sup>15</sup>. "Besides the fixed tribute, they demanded £50,000 more from Maharaja Jeet Singh, ruler of Banaras. And when he paid this amount out of fear of war, they made a demand of £500,000 more from him. When he excused himself from paying it, he was arrested and thrown into prison like a common criminal and the territory of Banaras was annexed".<sup>16</sup> Asif-ud-Dawlah, the ruler of Awadh, fell short of paying his fixed tribute, he was forced (by the Company) to seize the estates and treasures of his mother and grandmother, for the protection of which the Company itself was the formal guarantor. The forces of the Company reached Faizabad, and imprisoned the hapless Begums (ladies of the royal family) in their palaces. To find the treasure, their treasurers were taken to Lucknow and atrociously tortured. The torture continued till £1.2 million were taken from the poor ladies.<sup>17</sup>*

These were those atrocities that when Burke read them out in 1788 in his famous speech at Westminster Hall, it caused an intense furore in the English public and some of the faint-hearted ladies in the audience actually fainted.<sup>18</sup> In Macaulay's words, at that time the regime's only objective was money. The synopsis of all the orders of the Court of Directors was

*"rule softly but send lots of money, deal moderately and fairly with neighbouring states but send money in abundance"<sup>19</sup>*

The people who were the employees of the Company for the enforcement of this policy of "send lot of money" turned out to be extremely cruel. Most of them used to come to India with the mere purpose

of earning hundred to two hundred thousand pounds, return to England to marry daughter of a Lord, buy big villages in Cornwall and participate in the ballrooms of St. James Square as rich people. A small example of the atrocities of these people is that during the Great Bengal Famine of 1770, they bought a very large portion of Bengal's grains, took the hoard of seeds from the cultivators by force, forcibly stopped the trade of grains, and sold the grains at the highest price to the famine afflicted people by taking advantage of their tragedy.<sup>20</sup>

The Court of Directors has often acknowledged the atrocities of these employees. Therefore, it writes in one of its letters:

*"The immense wealth that has been acquired from internal trade is a result of such cruel and ruthless behaviour the example of which is not found in any period of history of any country."*<sup>21</sup>

In another letter, it writes:

*"....an unbounded thirst after riches seems to have possessed the whole body of our servants to a degree that they have lost all sight of justice to the country, government and of their duty to the committee."*<sup>22</sup>

This behaviour was not limited to only the low-ranking officers but governors, council members and military commanders were also guilty of fraud. After the Battle of Plassey, when Siraj-ud-Dawlah's throne was sold to Mir Jafar, all the members of the Calcutta Government took £1,238,575 as bribe, of which Clive's share was £32,500. In 1760 when Mir Qasim was enthroned (by the British) in Bengal, £200,269 were extorted from him, of which Vansittart's (Governor of Bengal) share was £58,333. In 1763, Mir Jaffar was once again crowned Nawab of Bengal by the British and an amount of £500,156 was extorted



from him as 'tip'. Afterwards, when Najm-ud-Dawlah acceded to the throne, the price of the bribe was £230,365. Apart from that, the amount of money the members of the regime received in 8 years of time period in the form of gifts reaches £3,770,833.<sup>23</sup>

Clive himself confessed before a House of Commons Sub-Committee that the wealth he made between 1755 and 1760 was £245,000, an estate whose revenue was £27,000 a year.<sup>24</sup>

These were the conditions about which an 18<sup>th</sup> century Indian historian complains in his book 'Siyar-ul-Mutaakhireen':

*"Had they known, along with their superior military skills, why they should govern, had they shown even a little bit of concern to the noble men and the condition of the working class of the country and had they paid any attention to the welfare of God's creatures along with carrying out their military operations, then certainly no nation was worthier of ruling than them. But they were so unconcerned with the welfare of the residents of the country that the common people are miserable and are going through severe hardship because of poverty."*<sup>25</sup>

Perhaps there isn't any need more than this to elucidate the conditions of that time. That's why after this we should now turn to our actual subject.

## **COMPANY'S FIRST ATTACK ON DOMESTIC TRADE**

Before the Battle of Plassey, East India Company used to work as a body of merchants on the coasts of India and it had obtained special privileges from the rulers and governors of states in various provinces under which it was running a very successful business. From 1716, it had the freedom to conduct its business

in Bengal tax free and its employees used to move their goods without any barriers merely by showing the signature of the factory officer. After the victory of 1757, there was a tremendous change in its conduct. Now, instead of being "peaceful merchants", the English were "conquering merchants" and started to deem free trade their right. This trade practice was seriously harmful to the country's local merchants, because they had to pay high taxes and their goods got expensive in the market against the goods of English merchants. Subedar (Provincial Governor) himself started to suffer loss in his Rs.2.5 million yearly income, because from time to time, he had to meet the demands made by the Company. Mir Jaffer was a weak man, prone to temptations. That's why he didn't say a word against oppression and injustice. And within 5 years, Bengal's entire trade slipped away from the hands of local merchants and went into the hands of the English. But when Mir Qasim was installed on the throne in 1760, he protested against the illegitimate activities of the Company after satisfying its demands. The Governor of Calcutta, Mr. Vansittart investigated the complaints and prepared a report in which he writes: "As regards trade, we haven't demanded anymore privileges from Mir Jafar. And the Company had no need more than the privilege of 1716. But for a while now, the employees and agents of the Company have been conducting business beyond the authorized limits and they have started to break the domestic laws".

After Vansittart, Verelst became the Governor. He too wrote after conducting the investigation:

*"Trade is being conducted without paying any taxes and extremely ruthless tactics are being employed for this purpose. English agents and deputies not only*

*perpetrate excesses against the people but also hit and beat officers of the Nawab. This is the basis of dispute with Mir Qassim."*

But despite these objections, the company didn't check the excesses of these employees. At long last, on 26 March 1762, Mir Qassim wrote a strongly worded letter to the Governor. In which he complained that

*"from Calcutta Mansion to Qasim Bazar, even in Patna and Dhaka, the English officers, with their agents and deputies, roam as Tax Collectors, Landlords and District administrators and my officers have no authority over them. These people are conducting trade in oil, fish, rice, straw, bamboo, paddy and betel nuts in every district, town, pargana (sub division of a district) and village. And every person who carries Company license in his hands considers himself to be no less than the Company itself."*

He again wrote in his May 1762 letter:

*"They buy the goods by force at quarter the price from the subjects and the merchants and then sell them to the people at 5 times the price. My officers cannot bear anymore humiliation and are afraid to do their duties. I assure the Company by swearing to God that I have neither broken any treaty nor will I do it in the future, then what cruelty is this that English officers insult my rule and are bent on causing me harm."*

Even some among the employees of the Company wrote about these incidents in detail in their letters and tried to draw the Governor's attention towards curbing them but total attention was never paid to them. At that time, Henry Vansittart and Warren Hastings were two such Englishmen in the Calcutta Council who wanted to change this situation. Therefore, they went to the Nawab and made a pact with him under which illegal trade was curbed. But when this issue was brought up

in the Council, all the members declared in clear terms that by virtue of being English, this is absolutely humiliating and passed a unanimous resolution in this regard that the Company employees have every right to conduct all kinds of trade without paying any tax although a 2.5% tax on salt could be levied.

Far from being a righteous ruler but when Mir Qassim saw the situation, he did what every just and honourable ruler should be doing. He sacrificed a large portion of his annual income in favour of domestic trade, and he banned the levying of tax on domestic trade so that local merchants could reach up to the level of foreign merchants. But this fact is as bitter now as it was then that the Council in Calcutta protested by majority of votes against Mir Qassim's action.

This general abolishment of tax was declared as breach of agreement with the English nation, emphasis was laid on granting exclusive charter to the Company and its employees to conduct trade in Bengal and when Mir Qassim defended himself and the rights of his country, war was waged against him and he was deposed from the throne in 1763. This was the mischief about which James Mill writes in his History of British India: "Of all the examples of sacrificing justice and in fact honour and shame for personal gain, there is none as prominent as this one."

## **BEGINNING OF THE DESTRUCTION OF INDUSTRY**

When the Company, by obtaining power and authority in this way, destroyed Bengal's domestic trade, it turned towards industry and skill. According to India's ancient tradition, the job of the craftsmen

was only to manufacture goods; there was another group to bring those goods to the market. It used to buy the goods from the craftsmen at a fixed rate and sell them in the market. When the monopoly of the Company destroyed this group, the craftsmen were forced to turn to the Company and its agents. There they were welcomed with the same force and such atrocities were committed against them that it is certainly an ugly and disgraceful spot on honourable people. Mr. William Bolts has described in detail his eyewitness account of the conditions of that time in his book, a gist of which is mentioned here:

*"It may with truth be now said that the whole inland trade of the country, as at present conducted, and that of the Company's investment for Europe in a more peculiar degree, has been one continued scene of oppression; the baneful effects of which are severely felt by every weaver and manufacturer in the country, every article produced being made a monopoly; in which the English, with their Banyans and black Gomastahs, arbitrarily decide what quantities of goods each manufacturer shall deliver, and the prices he shall receive for them...Upon the Gomastah's arrival at the Auring, or manufacturing town, he fixes upon a habitation which he calls his Catcherry; to which, by his peons and hircaraks, he summons the brokers, called dallals and pykars, together with the weavers, whom, after receipt of the money despatched by his masters, he makes to sign a bond for the delivery of a certain quantity of goods, at a certain time and price, and pays them a certain part of the money in advance. The assent of the poor weaver is in general not deemed necessary; for the Gomastahs, when employed on the Company's investment, frequently make them sign what they please; and upon the weavers refusing to take the money offered, it has been known they have had it tied*

*in their girdles, and they have been sent away with a flogging. . . . A number of these weavers are generally also registered in the books of the Company's Gomastahs, and not permitted to work for any others, being transferred from one to another as so many slaves, subject to the tyranny and roguery of each succeeding Gomastah. . . . The roguery practiced in this department is beyond imagination; but all terminates in the defrauding of the poor weaver; for the prices which the Company's Gomastahs, and in confederacy with them the Jachendars [examiners of fabrics] fix upon the goods, are in all places at least 15 per cent., and some even 40 per cent. less than the goods so manufactured would sell in the public bazaar or market upon free sale. . . . Weavers, also, upon their inability to perform such agreements as have been forced upon them by the Company's agents, universally known in Bengal by the name of Mutchulcahs, have had their goods seized and sold on the spot to make good the deficiency; and the winders of raw silk, called sagoads, have been treated also with such injustice, that instances have been known of their cutting off their thumbs to prevent their being forced to wind silk."*<sup>26</sup>

Could there be an atmosphere more toxic than this for the industry of any country?

In 1813, the Court of Directors questioned some of its prominent officers regarding India answering to which Sir Henry Strachey, Governor of Bengal writes:

*"The trade of Bengal has been for the most part in the hands of the Europeans for half a century and longer...Labourers and manufacturers, in the employment of the company and of private European traders, were imprisoned and beaten and harassed by peons. Many thousands of men were compelled to work and allowed a most scanty subsistence.... They were, in some instances, bound hand and foot, and sent off to*

*the unhealthiest parts of the Sundarbans, to manufacture salt for the company's monopoly."*<sup>27</sup>

## **JEALOUSY OF BRITISH INDUSTRIALISTS AND ITS IMPACT ON COMPANY POLICY**

Although there was a specific group in England running campaign against Indian goods even before the Company took power and forced the Parliament to pass prohibitive laws in 1700 and 1721 according to which wearing Indian cloth was banned nevertheless Indian goods kept entering the markets of England regularly. But in 1757, when the Company emerged as the "Victor Traders", owing to its monopoly over the entirety of Indian industry and trade, the markets of England got flooded with better and cheap Indian goods. That's why the merchants of England declared Jihad against Indian goods.

The first impact of this agitation was that the Company changed its policy immediately and it decided to create a bigger market by wiping out Indian industries. Therefore, on 17 March 1761, the Court of Directors expressed their desire in a letter to the Government of Bengal that the manufacture of raw silk be encouraged in Bengal, and that of manufactured silk fabrics be discouraged. And they also recommended that the silk weavers be forced to work in the Company's factories and prohibited from working in their own homes.

*"This letter", as the select committee justly remarked, "contains a perfect plan of policy, both of compulsion and encouragement, which must in a considerable degree operate destructively to the manufactures of Bengal. Its effects must be (so far as it could operate without being eluded) to change the whole face of that industrial country, in order to render it a field of the*

*produce of crude materials subservient to the manufacturers of Great Britain.*"<sup>28</sup>

The deposition of Sir Thomas Munro before the Commons Committee in 1813 is noteworthy too. He says:

*"The Company's servants assembled the principal weavers and placed a guard over them until they entered into engagements to supply the Company only. When once a weaver accepted an advance he seldom got out of his liability. A peon was placed over him to quicken his deliveries if he delayed, and he was liable to be prosecuted in the courts of justice."*<sup>29</sup>

## ABJECT CONDITION OF SHIPBUILDING INDUSTRY

This lethal policy was not only used against the textile industry but also all Indian industries were destroyed by it; shipbuilding for instance, which was once a famous industry of India.

In 1800, Lord Wellesley wrote to his masters in Leadenhall Street that

*"The collective weight of all the ships made in India at the port of Calcutta is ten thousand ton".*

He had, in one of his long letters, drew the attention of the Court of Directors to the Indian shipbuilding. He wrote:

*"Bombay alone can build one or two ships of the line and two frigates in 18 months."*

After sailing the Bombay built ships for 14 – 15 years, when they were made part of the fleet, they were found to be as strong as the fleet's new ones.

Sir Edward Hughes made 8 voyages to Europe in an Indian ship and then made it part of the naval fleet whereas no European ship could make journeys more than 6 times. Alongside these qualities, another quality



of the Indian ships was that an Indian ship needed overhaul after 50 years in service whereas European ship needed it after 12 years but in spite of that the price and expenditure ratio of the two was one to four.<sup>30</sup>

After describing this state of affairs, Wellesley brought to the notice of the Court of Directors that if this industry is taken advantage of then within 50 years, England could have a great naval fleet. But Taylor says that when Indian built ships arrived at the port of London with Indian goods, it created a great panic in the English trade contractors with an anxiety spreading across the shipyards that

*"Our industry will be destroyed and our children will certainly die of hunger."*<sup>31</sup>

And since the court didn't have the authority to face these circumstances, it rejected Wellesley's recommendation. But the weird way in which it was rejected is extremely interesting and telling. It wrote back:

*"Besides these objections which apply to the measures generally, there is one that lies particularly against ships whose voyages commence from India, that they will usually be manned in great part with Lascars or Indian sailors. Men of that race are not by their physical frame and constitution fitted for the navigation of cold and boisterous latitudes; their nature and habits are formed to a warm climate, and short and easy voyages performed within the sphere of the periodical winds; they have not strength enough of mind or body to encounter the hardships or perils to which ships are liable in the long and various navigation between India and Europe, especially in winter storms of our northern seas; nor have they the courage which can be relied on for steady defense against an enemy. To have any considerable portion of*

*the property and trade of this country, therefore, dependent on the energy of men of this stamp unless on the coasts of India, where they are less exposed to dangers, cannot be advisable: Yet on the employment of Indian sailors the chief freight of Indian ships seem naturally to turn: for if these ships, rigged and fitted out as they are with stores chiefly brought from Europe, were manned with Europeans, receiving wages far higher, and provisioned at a much greater cost than Lascars, it does not appear how they could be afforded at a lower rate of freight than British bottoms. But this is not all. The native sailors of India, who are chiefly Mohamedans, are, to the disgrace of our national morals, on their arrival here, led into scenes which soon divest them of the respect and awe they had entertained in India for the European character: they are robbed of their little property, and left to wander, ragged and destitute, in the streets; a sight that, whilst it wounds peculiarly the feelings of men connected with India and the Company, raises both the compassion and indignation of the Public; the one in favour of those miserable objects, the other against the Company, as if they had drawn the poor creatures into such a state of suffering, or neglected them in it; when in fact, though individuals bring them home, the Company are at great pains and expense to collect, maintain, and return them; but such are the bad habits they acquire, that they often escape from the houses where the Company have them lodged and provided for, and take to a mendicant state for the chance of obtaining from the pity of passengers new means of vicious indulgence. From causes of this nature, and from the severity of our winters, not a few have lost their lives or become incapable of further service. On the continent of Europe, and even in America, where some of these Lascars are also now carried, they have no protector as here, and their case*

*must be still more deplorable; so that, instead of a larger introduction into the Western world of this feeble race, it is very seriously to be wished, that before their numbers are thinned by fatigue, climate, or disease, some means were devised for preventing them from leaving their own seas.*

‘The contemptuous reports which they disseminate on their return, cannot fail to have a very unfavourable influence upon the minds of our Asiatic subjects, whose reverence for our character, which has hitherto contributed to maintain our supremacy in the East (a reverence in part inspired by what they have at a distance seen among a comparatively small society, mostly of the better ranks, in India) will be gradually changed for most degrading conceptions; and if an indignant apprehension of having hitherto rated us too highly or respected us too much, should once possess them, the effects of it may prove extremely detrimental.

‘From the waste of life and other losses attending the employment of this class of sailors, perhaps it may appear at length necessary to resort to European Mariners; these, in such case, will flock in great numbers to India; and hence it may be expected that colonization will be accelerated there. Indeed, the return of peace might call for this substitution of British seamen, many of whom must have to seek employment in the Merchants Service; and no British heart would wish that any of the brave men who had merited so much of their country, should be without bread whilst natives of the East brought ships belonging to our own subjects into our ports. Considered, therefore, in a physical, moral, commercial, and political view, the apparent consequences of admitting these Indian sailors largely

into our navigation, form a strong additional objection to the concession of the proposed privilege to any ships manned by them."<sup>32</sup>

These apprehensions had the very effect on the shipbuilding industry which is but natural and expected. The same Calcutta which built ships of the weight of 4,105 ton between 1795-96 and the same Bombay where Nauroji Jamshedjee built a finest ship by the name of 'Asia', are now bereft of indigenous ships in a short period of time. And in 1840, before the Parliamentary Committee of Lord Seymour, Mr. Montgomery Martin testified that

*"now the shipbuilding industry of India is completely destroyed."*

## **PRESSURE OF ILLEGAL TAX**

Another way adopted by the Company to destroy Indian industries and promote European industries instead was to levy extremely high and illegal taxes:

You might have read in the previous pages that the Company wanted to totally monopolize trade by snatching the inland trade out of the hands of local traders and it waged war against Mir Qassim simply because he was guilty of protecting the local trade by abolishing tax by the single stroke of a pen.

In 1765, when the Company took over the direct administration of Bengal by putting an end to the rule of the Nawab, the first thing it did was raising the inland duties; and by setting up toll houses at various places, it started the process of toll collection with ever increasing cruelty. At first, the objective was merely to obtain monopoly over trade and raise its revenues but later on it began to use it to promote the import of raw materials and export of British finished goods. And

alongside the expansion of the empire, this destructive system was spread across the whole of India.

Instead of describing the deadly impact these Inland duties had on Indian trade and industry in my words, it would be better to quote the official confessions of the Company itself which are by far the most authentic and credible testimonials. In 1825, sixty years later since the imposition of the duties, Mr. Holt Mackenzie, who was the territorial secretary of the Company at that time, penned a lengthy memorandum on this topic describing in detail the cruelty of the tax and its worst effects on domestic trade and industry and then pleaded the Company to abolish it immediately. Some of the paragraphs from the memorandum are as follows:

*"Some articles have to run the gauntlet through ten custom-houses, passing at each several subordinate Chowkis, before they reach the Presidency, and little or none of the great staple commodities of the country escape from being subjected to repeated pretentions. Even supposing that there were no exactions and no delay, still the system would seriously hinder the commercial intercourse of the country, since no interchange of goods can take place between districts separated by a line of Chowkis, unless the difference of price shall cover not only the export of transportation and the other charges of merchandise, but also the duty of 5 or 74 per cent. levied by Government. Thus, also the natural inequalities of prices aggravated, and, contrary to every principle, justly applicable to a consumption tax, the burden falls on those places where the consumer would, independently of duty, have most to pay. But when to the Government demand are added those of the custom-house officers, it appears to be certain that much trade that would be carried on by persons of small capital must be*

*absolutely prevented. The rich merchant can afford to pay the utmost demand likely to be made upon him, because a considerable douceur will not fall heavy on a large investment, and because his rank and wealth secures him from any outrageous extortion. But to the petty trader a moderate fee would consume the probable profit of his adventure, and he has little or no security for moderation. . . . Hitherto the attention of the authorities at home, and of the mercantile body generally in England, would appear to have been directed chiefly to the object of finding a market for the manufactures of the United Kingdom. They have consequently looked more to the import than to the export trade of India. The duties prescribed by Regulation ix. of 1810 have accordingly taken off a great number of articles sent from England hither; while of the exports, only indigo, cotton, wool, and hemp have been made free, and this more with a view, I apprehend, to English than to Indian objects. . . ."*

*The result of a pretty careful consideration of the articles which constitute the trade of Calcutta, and a consideration of the rate of duty which each could bear, have led to the conclusion that the country might be relieved from the mischief of our Inland Customs without any very considerable sacrifice, at least if the salt duties levied on our western frontier are, as would seem necessary for the protection of the Bengal monopoly, maintained... Were Inland Duties abolished, without any change in the export and import duties, the immediate sacrifice of revenue would be about 33 lakhs (£330,000), and even though the duty on Western salts were maintained, there would still be a loss of 22 lakhs (£220,000). The whole of this, I fear, cannot be immediately replaced by the imposition of new duties on imports and exports by sea, but a considerable part may certainly be so, and inasmuch as the proposed arrangement will operate, as I hope, to extend trade,*

*and will enable us to reduce establishments, the balance cannot be reckoned as a net loss."*<sup>33</sup>

But this recommendation was one of those which well-meaning Englishmen used to make for the prosperity of the country. Holt Mackenzie tried his best to make the Company desist from killing Indian industry and trade but sacrificing £220,000 was very difficult for a mercantile group which was absolutely unwilling to sacrifice even a shilling.

*"Fortunately, their hands were forced by their own servants. The greatest and best of the Company's Governor-Generals, Lord William Bentinck, went out to India in 1828, and that ruler employed Sir Charles Trevelyan to make an inquiry, and submit a report on Transit Duties. Trevelyan's famous report exposed mercilessly the evils of the system. It showed that the evils had grown under British Rule as compared with the state of things under the Nawabs of Bengal; that traders all over the country were subjected to delay and exactions ; that manufactures were killed and internal trade paralyzed by the extortions of Customs Officers who were paid so low that it was possible for them to live only by extortion; that travellers were harassed and the honour of women passing through lines of customs' houses was not safe ; and that this huge system of oppression was maintained in the country for the sake of an insignificant revenue."*<sup>34</sup>

Lord Ellenborough in England took up this report, and in his own forcible language pointed out to the East India Company in 1835 the evils of the system.

*"While the cotton manufactures of England are imported into India on payment of a duty of 28 per cent., the cotton manufactures of India are subjected - to a duty on raw material of 5 per cent., to a further duty on yarn of 74 per cent., to an additional duty upon the manufactured article of 23 per cent., and*

finally to another duty of 2+ per cent. if the cloth should be dyed after the Rowana [pass] has been taken out for it as white cloth. Thus altogether the cotton goods of India [consumed in India] pay 179 per cent... The raw hide pays 5 per cent. On being manufactured into leather it pays 5 per cent. more; and when the leather is made into boots and shoes, a further duty is imposed of 5 per cent. Thus, in all, there is a duty of 15 per cent. [on Indian leather goods used in India]...." In what manner do we continue to treat our own sugar? On being imported into a town it pays 5 per cent. in customs, and 5 per cent. in town duty, and when manufactured it pays on exportation from the same town 5 per cent. more, in all 15 per cent. [on Indian sugar used in India]. "No less than 235 separate articles are subjected to Inland Duties. The tariff includes almost everything of personal or domestic use, and its operation, combined with the system of search, is of the most. Vexatious and offensive character, without materially benefiting the revenue. The power of search, if really exercised by every Custom-house officer, would put a stop to internal trade by the delay it would necessarily occasion. It is not exercised except for the purpose of extortion. . . . "The effect upon the national morals is yet more serious than the effect upon national wealth. Every merchant, every manufacturer, and every traveller is, as it were, compelled, for the security of his property or the protection of his personal comfort, and not unfrequently for that of the feelings of the females of his family, to enter into unlawful collusion with the officers of Government. It is a system which demoralizes our own people, and which appears to excite the aversion of all the foreign traders of Asia...., "We may at once, by our own authority, give entire liberty to the internal communications of sixty millions of people. Industrious, possessing a fertile country,



*traversed in its whole extent by a navigable river, inaccessible to foreign war, and protected in their property by an impartial administration of the laws, the inhabitants of Bengal would thus obtain, by the enlightened policy of their Government, more extensive means of public prosperity than are enjoyed by any other nation in the world."*<sup>35</sup>

Perhaps no Englishman might have defended Indian interest as strongly as him but it too turned out to be insufficient to awaken the conscience of the Court of Directors. They refused this powerful and well-grounded recommendations too but forced by public opinion, they had to grant permission to the local governments to stop imposing inland duties if they see it fit.

After Lord William Bentinck, Sir Charles Metcalfe taking advantage of this permission, shut down all the toll-houses in Bengal on 1<sup>st</sup> March 1833, and in the next year, Lord Auckland followed suit in Madras. The Directors; helpless to tolerate this 'cruelty' nevertheless expressed to the Governor-General their regret

*"that you were participated into its adoption without having been enabled to form any available plan for compensating the loss of revenue."*<sup>36</sup>

The Directors were regretful of it even to the end and it's a fact that this "slow down" was worth remembering, for after 6 years, another "atrocity" was committed – Lord Ellenborough came to India as the new Governor-General and freed Sindh in 1843, the province of Jalaun and the entirety of the province of Madras in 1844, from this draconian tax. But in a long period of 70-80 years, this tax had already destroyed trade and industry of India and now after its abolishment, there wasn't any hope for its revival.

In this connection, a mention must also be made of another destructive tax: Mutarfa tax. It was imposed by the Company on poor India in its early days. It was "a tax upon trades and occupations embracing weavers, carpenters, all workers in metals, all salesmen, whether possessing shops which are also taxed separately, or vending by the road side, &c., some paying impost on their tools, others for permission to sell-extending to the most trifling articles of trade and the cheapest tools the mechanic can employ, the cost of which is frequently exceeded six times by the Mutarfa, under which the use of them is permitted."

And the Association went on to state that  
*"it falls more heavily upon the indigent than upon the wealthy, while the discretionary power under which it is collected affords a wide field for the perpetual practice of inquisitorial visits, extortion and oppression, as suits the pleasure or the cupidity of the irresponsible collectors, with whom it is no unusual thing to resort to imprisonment and fetters in order to compel their exactions. And the whole sum raised by this impost is but little above £100,000 sterling."*<sup>37</sup>

There was no exaggeration in the above statement. A witness, J. W. B. Dykes, who was a magistrate and revenue officer, and had himself collected the tax in Madras, spoke in stronger terms of its oppressiveness:

*"It is levied upon every one almost who does not cultivate land...If an old woman takes vegetables to market, and sells them at the corner of the street, she is assessed for selling vegetables. If a man is a cloth merchant, he is assessed. But no tax is levied upon European traders. Perhaps, next door to this man who is making a few rupees a year, there is a European trader making hundreds, but he pays nothing."*<sup>38</sup>

## PROHIBITIVE TAX ON INDIAN PRODUCTS ABROAD

Another chapter is due in this story of oppression. You have seen the machinations of the English agents to develop their own industries but along with that it's also worth knowing to what extent this 'death sentence' played its part in asphyxiating Indian industries on the gallows at the shore of English Channel six thousand miles away from here. It's mentioned somewhere above that when the English nation was striving devilishly to forge ahead, there was nobody in England to pay heed to the theory of free trade. Except for a few egalitarians, the nation and the government were strictly following the mercantile system whose purpose was the encouragement of exports by bounties and drawbacks, the discouragement of imports by prohibitive or restrictive duties, the limitation of the sales and purchases of colonists to the markets of the mother country and the regulation of trade by exclusive companies.<sup>39</sup>

Based on this principle, prohibition was imposed on the use of Indian cloth first in 1700 and then in 1720. And on this very basis, East India Company was pressured in 1769 (according to H.H Wilson) to kill Indian industries by using "the weapon of political injustice" and encourage only the production of raw material. And on this very basis, at the end of the 18<sup>th</sup> century, the British Parliament levied such steep tariffs on the import of Indian goods which is absolutely unprecedented in the history of any country.

What was the nature of these high tariffs? And what role did they play in the decline of Indian industry and the rise of the English industry? This is a

long discussion and an abridged version of it is presented here.

The tariffs imposed on Indian goods at the English ports in 1813 can be known from the following table:<sup>40</sup>

		Pound	Shill- ing	Pen- ce
Flowered muslins (chikan)	On every £100	32	9	2
Flowered muslins (chikan)	Extra Inland Tariffs	11	17	6
Chintz (Calico) and striped Muslin	On every £100	81	2	11
Chintz (Calico) and striped Muslin	Extra Tariffs	3	19	2
Reels of Thread	On every £100	81	2	11
Woolen cloth	On every £100	84	6	3
Oily Products	On every £100	81	2	11
Mats and Rugs	On every £100	84	6	3
Tea	On every £100	94	0	0

There is a third class, coloured goods, which are prohibited being used in this country, upon which there is a duty upon importation of £ 3, 6s. 8d. Per cent; they are only for exportation.<sup>41</sup>

The state of the Tariffs between 1812 and 1832 can be known period by period from the testimonies presented before the House of Commons Investigative Committee in 1832.

Name of the Good	1812 CE	1824 CE	1832 CE
Decorative cane	71%	50	30
Furniture			

Muslin	27 <sup>1/3</sup>	37 <sup>1/3</sup>	30
Chintz	71 <sup>1/3</sup>	67 <sup>1/2</sup>	20
(Calico)			
Other	27 <sup>1/3</sup>	50	20
Cotton			
cloths			
Woolen	71	67 <sup>1/2</sup>	30
Shawls			
Oil	71	62 <sup>1/2</sup>	30
Products			
Mattresses	68 <sup>1/3</sup>	prohibited	20
Silk cloth	prohibited	prohibited	20
Taffeta or	prohibited	prohibited	30
some other			
plain or			
printed			
silk			
Other Silk	prohibited	prohibited	20
products			
Sugar	£ Shilling	£ Shilling	£ Shilling
(Actual	10 13 per	3 4	1 12
price £ 1	Hundred		
per	weight		
Hundred			
Weight)			
Various	£ 1, 9 <sup>1/2</sup> d. per	19s. 1 <sup>3/4</sup> d.	15s.
kinds of	gallon		
Oil			
Raw wool	11s. 16d. Per	6%	20%
	100 pounds		
Raw silk	4s. Per pound	4s. Per pound	1d. Per pound
	(weight)		

Observe that English goods enter India at 2-3% tariffs while 10% to even a thousand times import duty is imposed on Indian goods upon entering England. Can any example of trade injustice worse than this be found in the world? Take a look at the various charts

of India's imports and exports to learn about the impact it had on India's trade:

Year	£
1794	156
1795	717
1796	112
1797	2501
1798	4436
1799	7317
1800	19575
1801	21200
1802	16191
1803	27876
1804	5936
1805	31943
1806	48525
1807	46549
1808	69841
1809	118408
1810	74695
1811	114649
1812	107306
1813	108824

Against this rise, take a look at India's decline and also keep in mind that if on one hand, there's decline in the import of cloth to England, then on the other hand, there is a rise in the production of raw material:

Year	Raw Wool Bale	Cotton fabric Bale	Raw Silk Bale	Silk fabric	Indigo Box
1800	500	2636	213	unknown	12811
1801	222	6341	238	unknown	9928
1802	2072	14817	400	unknown	8694

1803	2420	13649	1233	unknown	12986
1804	602	9631	1926	unknown	18339
1805	2453	2325	1327	unknown	13486
1806	7315	651	1689	unknown	17542
1807	3717	1686	482	unknown	19452
1808	2016	237	817	unknown	16622
1809	40781	104	1124	unknown	8825
1810	3477	1167	949	unknown	13246
1811	160	955	2623	unknown	14335
1812	unknown	1471	1889	unknown	13703
1813	11705	557	638	unknown	23672
1814	21587	919	1786	unknown	16544
1815	17228	3842	2796	unknown	26221
1816	25024	2711	8884	unknown	15740
1817	50176	1904	2260	unknown	15583
1818	127124	666	2066	unknown	13044
1819	30683	536	6998	468	16670
1820	12939	3186	6805	522	12526
1821	5415	2130	6977	704	12635
1822	6544	1668	7893	950	19751
1823	11713	1354	6357	742	15878
1824	12415	1337	7069	1105	22472
1825	15800	1878	8061	1558	26837
1826	15101	1253	6856	1233	14904
1827	4735	541	7719	971	30761
1828	4105	736	10431	550	19041
1829		433	7000(?)		27000(?)

But the quality of Indian product can be gauged from the fact that despite being subjected to such harsh restrictions, even till 1858, it used to enter England regularly. In 1835, 306086 bales of Indian cotton fabric entered England. Same with sugar, in 1839, 519000 hundred-weight of sugar went to England and in 1847 India fulfilled a quarter of the needs of British

Isles. But just a few years later, she reached a juncture where she had to import sugar worth millions of rupees from Java and Mauritius to meet her own needs. The silk cloth went regularly to England till the end and in 1858 the total export of India's silk cloth was 158224 pounds after which it never had the good fortune of flourishing again.

Foreign countries remained customers of Indian textiles right to her last breath. In 1801, America bought 13633 bales of cotton which after a steady decline reached up to only 257 bales in 1829. In 1800, Denmark imported 1457 bales and in 1820, it was just 150. In the Arab and Persian Gulf countries, during 1810-20, the average remained at 4-7 thousand bales but after 1825, the average couldn't be maintained even at two thousand.

Of all the foreign countries, the country which liked Indian cloth the most was France. According to Mr. Joseph Tucker, people of France preferred Indian cloth over English, and as long as Indian silk continued to go there, English silk never gained any foothold. The chart below will show us the ratio of the exports to France of the English silk goods to only the silk hand kerchiefs of India.<sup>42</sup>

Exported from The United Kingdom to France

Year	British Silk Goods £	Indian Bandannas and other Handkerchiefs £
1832....	50,600	29,500
1833....	36,300	60,400
1834....	32,700	77,700
1835....	16,800	114,400
1836....	15,600	107,600
1837....	10,000	174,500
1838....	9,400	202,200
1839....	5,500	168,500



Could any Indian imagine even in his wildest dreams that a country like France was once fond of Indian cloth!

A proper appreciation of how India was rendered downright agricultural country after a constant endeavour of 70-80 years can be made by comparing her conditions before and after the "Mutiny". You might have observed her condition before the "mutiny" that despite severe counter measures, America, France, Denmark, Portugal and even England were regular customers of Indian cloth. Now take a look at her condition after the "mutiny."

Between 1859 and 1869, India's imports compared with all other countries:

Year	Spools of thread £	Cotton Fabric £	Silk Fabric £	Woolen Fabric £	Machines £	Metal Products £
1859	1714216	8088927	174740	294258	587566	447011
1860	2047115	9691813	224116	358557	871531	454457
1861	1748183	9309935	259596	222813	870251	376748
1862	1472484	8772916	198442	245650	553883	383449
1863	1270301	8360229	342111	296221	506518	424188
1864	1529101	10416666	456781	611570	585516	418673
1865	2191440	11035885	443949	867831	554156	608104
1866	1961444	11849214	357980	583132	586182	647205
1867	2572700	12524906	415070	576481	601740	359422
1868	2698350	14999917	423598	601957	1057861	--
1869	2779934	16072551	486518	764173	793183	--

Between 1859 and 1869, England's total imports:

Year	Raw wool	Indigo	Rice, wheat and other kinds of grains <sup>46</sup>	Raw Leather	Jute	Different kinds of seeds
£	£	£	£	£	£	£
1859	4094100	2118016	2801871	544680	917523	2059445
1860	5637624	2021288	3588562	444537	623995	1548271
1861	7342168	1886525	3385877	661525	768715	1785226
1862	10203470	1647503	4039938	794137	724455	1206331
1863	17987440	2126870	3727910	904289	882084	1833851

1864	35864795	1756158	4325377	897575	1618244	2032832
1865	37573637	1860141	5956408	725236	1410702	1912433
1866	35587389	1861501	5247918	609803	1083522	1750197
1867	16458277	1798599	3651832	659942	1040876	1787996
1868	20092570	1823226	3961225	988282	1309537	2160527
1869	20149825	2893823	4574708	1252898	1891899	1994888

This great contradiction is so terribly painful that a genuine industrial country which used to supply high quality manufactured goods to every kind of civilized country the world over after fulfilling its own needs, has come to the stage in 30-40 years where it is selling its own raw materials to others and has lost the ability to make even a humble needle!

This is the same country about which Bernier\* wrote

*"today, rivers of gold and silver are running in this country from every direction and hardly there is any outlet."*

But today, thanks to "political injustice" every outlet has opened up in this country for her wealth to gush out and there is hardly any inlet.

It was a political injustice to which fair-minded, just-loving Englishmen always regretted.

In 1840, the House of Commons appointed a select committee to investigate issues related to Indian industries. Some of the testimonies presented before it is really instructive. Mr. Charles Trevelyan, who has been mentioned earlier, was one of the special sympathizers of India. He stated in his testimony:

The peculiar kind of silky cotton formerly grown in Bengal, from which the fine Dacca muslins used to be made, is hardly ever seen; the population of the town of Dhaka has fallen from 1 50,000 to 30,000 or 40,000, and the jungle and malaria are fast encroaching upon the town. The only cotton manufactures which stand their pound in India are of

the very coarse kinds, and the English cotton manufactures are generally consumed by all above the very poorest throughout India. . . . Dhaka which was the Manchester of India, has fallen off from very flourishing town to a very poor and small one; the distress there has been very great indeed."<sup>43</sup>

Mr. Larpent, Chairman of the East India and China Association, quoted Mr. Shore in his testimony stating:

*"The supersession of the native for British manufacturers is so often quoted as a splendid instance of the triumph of British skill. It is a much stronger instance of English tyranny, and how India has been impoverished by the most vexatious system of customs and duties imposed for the avowed object of favouring the mother country."*<sup>44</sup>

"A still more sturdy champion for India was Montgomery Martin. He had travelled ten years in the colonies of the British Empire, mainly at his own expense; had gathered facts, figures and statistics; and had compiled the first complete History of the British Colonies in five large volumes. He had lived in India; studied Indian questions on the spot; and also edited the voluminous and valuable statistical account of Eastern India left by Dr. Francis Buchanan. "I have examined at considerable length," he said, "and for a series of years, the trade of India. I have taken the utmost pains to arrive at correct conclusions by examining various documents which the Honourable Court of Directors of the East India House, with their usual liberality, permitted me access to. And I have been impressed with the conviction that India has suffered most unjustly in her trade, not merely with England but with all other countries, by reason of the outcry for free trade on the part of England without permitting to India a free trade herself." And he added

that, "on all articles except those where we are supplanting the native manufacturers, and consequently D. impoverishing the country, there is a decreasing trade."<sup>45</sup>

Mr. Henry St. George Tucker, who himself was a Director of the company, writes in 1833:

*"What is the commercial policy which we have adopted in this country with relation to India? The silk manufactures, and its piece goods made of silk and cotton intermixed, have long since been excluded altogether from our markets; and of late, partly in consequence of the operation of a duty of 67 per cent, but chiefly from the effect of superior machinery, the cotton fabrics, which heretofore constituted the staple of India, have not only been displaced in this country, but we actually export our cotton manufactures to supply a part of the consumption of our Asiatic possessions, India is thus reduced from the state of a manufacturing, to that of an agricultural country."*<sup>46</sup>

## SECRET OF ENGLAND'S INDUSTRIAL DEVELOPMENT

If I were to say that the high-rise chimneys of Paisley and Manchester, from the perspective of their construction, are so much obliged to the ashes of Dhaka and Murshidabad, then it wouldn't be out of place.

At some time in the past, England too was a pure agrarian country like India. At first, its requirements were mostly fulfilled by Italian traders, and English wool used to return home in the form of cloth from Rome. Later on, people from Geneva too started to join the circle and brought weapons and other stuff. After some time, Venetians too began to participate in it and after the opening up of new route to India, the

East Indies trade too got the right to enter through the door of Southampton. In Queen Elizabeth's period, when weavers of Flanders fled to England due to oppression from Alva, they began to make cloth from wool, silk and cotton, flannel and printed cloth too which gave rise to a 'Swadeshi Movement',<sup>50</sup> in the advocates of industrial development of England. Opposition to the use of foreign cloth and promotion of domestic cloth grew. Queen Elizabeth herself decided to wear English made caps on Sundays and big festivals. And a law was passed in 1666 that all dead bodies shall be wrapped in domestic cloth for burial. Therefore, in 1686, the Flannel from Scotland was reserved as shrouds. In that same year, export of wool was stopped by law and import duty on raw silk was lifted. And in the beginning of the 18<sup>th</sup> century, the movement to slap restrictions on foreign goods was in full swing.

But despite all these efforts, up until the first half of the 18<sup>th</sup> century, the industry of the British Isles couldn't gain momentum. In the words of Sir John Seeley

*"from the point of view of trade, even until that time, England wasn't a developed country. It was constantly busy in trying to uplift herself but before the passing of the first half of the 18<sup>th</sup> century it couldn't gain any success."*<sup>47</sup>

Many inventions were made to develop the industry. William Lee invented the stocking frame. Dodo Dudley, during the reign of James I conducted his experiments of making machines by melting iron. And there were many other men, besides them, who were thinking of beneficial things, but according to Mr. Cunningham, there was no capital at that time which is the spirit of all inventions and the secret to

success. All such attempts proved worthless before the Battle of Plassey. And if those opportunities, which were available to Cartwright and Hargreaves after 1757, weren't available, then they probably would have been proven to be worthless later too.<sup>48</sup>

Mr. Brooks Adams has dealt with this subject brilliantly in his famous book "Law of civilization and Decay":

*"Therefore, the influx of the Indian treasure, by adding considerably to the nation's cash capital, not only increased its stock of energy, but added much to its flexibility and the rapidity of its movement.*

*Very soon after Plassey the Bengal plunder began to arrive in London, and the effect appears to have been instantaneous, for all authorities agree that the "industrial revolution," the event which has divided the nineteenth century from all antecedent time, began with the year 1760. Prior to 1760, according to Baines, the machinery used for spinning cotton in Lancashire was almost as simple as in India; while about 1750 the English iron industry was in full decline because of the destruction of the forests for fuel. At that time four-fifths of the iron in use in the kingdom came from Sweden.*

*Plassey was fought in 1757, and probably nothing has ever equalled the rapidity of the change which followed. In 1760 the flying-shuttle appeared, and coal began to replace wood in smelting. In 1764 Hargreaves invented the spinning-jenny, in 1779 Crompton contrived the mule, in 1785 Cartwright patented the power-loom, and, chief of all, in 1768 Watt matured the steam-engine, the most perfect of all vents of centralizing energy. Hut though these machines served as outlets for the accelerating movement of the time, they did not cause that acceleration. In themselves inventions are passive, many of the most important having lain dormant for*

*centuries, waiting for a sufficient store of force to have accumulated to set them working. That store must always take the shape of money, and money not hoarded, but in motion.*

*Thus, printing had been known for ages in China before it came to Europe; the Romans probably were acquainted with gunpowder; revolvers and breech-loading cannon existed in the fifteenth and sixteenth centuries, and steam had been experimented upon long before the birth of Watt. The least part of Watt's labour lay in conceiving his idea; he consumed his life in marketing it. Before the influx of the Indian treasure, and the expansion of credit which followed, no force sufficient for this purpose existed; and had Watt lived fifty years earlier, he and his invention must have perished together."*<sup>49</sup>

The prosperity that came to England after the conquest of India can be estimated from the fact that in 1756 when Clive arrived in India, British nation's debt was £74575000; In 1815, it grew to £861000000. Before 1759, the smallest note issued by the Bank of England was £20 which used to get little chance of going outside the Lombard street but with the arrival of silver from Bengal, it began issuing the smaller denominations of 10 and 15 notes flooding the country's shops. In 1750, when Burke returned to England, there perhaps were hardly 12 banks in the entire region but in 1793 Mr. Fox Bourne writes in his book 'The Romance of Trade' that "there are now more than 400 banks." If this wasn't India's benevolence then what was?

The truth is, England's industries grew under the shadows of a grave "political injustice" otherwise she perhaps wouldn't have had the good fortune of enjoying the spring of her youth. The references that have been cited here as proof of the claim, are strong

enough but it seems necessary to get something out of the lips of the British industrialists themselves in this regard because their testimonies would take the authenticity of our claim to new heights.

In the 1840 Parliamentary Committee, which has been mentioned earlier, the testimonies of the weavers from Spitafields, Norwich and Macclesfield were taken. One of the witnesses was a certain Thomas, who was the greatest advocate of prohibitive tax. When he was asked "What would be the effect upon this branch of your trade if the present duty on East Indian silk goods were reduced from 20 to 3½ per cent.? He answered

*"In my opinion, it would have the effect of destroying this branch of trade; and if so, it would rob of their employment, and consequently of the means of living honestly by their labour, all those parties which I have before named, and would make them destitute and reckless, and cause them to become a burden to the rest of society, whose burdens are already too heavy. It would throw out of employment a large amount of capital and would give into the hands of foreigners that employment by which we ought to be supported. I certainly pity the East Indian labourer, but at the same time I have a greater feeling for my own family than for the East Indian labourer's family; I think it is wrong to sacrifice the comforts of my family for the sake of the East Indian labourer because his condition happens to be worse than mine; and I think it is not good legislation to take away our labour and to give it to the East Indian because his condition is worse than ours."*<sup>50</sup>

Famous historian H.H Wilson says a century ago:

*"Had this not been the case, had not such prohibitory duties and decrees existed, the Mills of Paisley and Manchester would have been stopped in their outset,*



*and could hardly have been again set in motion, even by the powers of steam. They were created by the sacrifice of the Indian manufactures. Had India been independent, she would have retaliated; would have imposed preventive duties upon British goods and would thus have preserved her own productive industry from annihilation. This act of self-defense was not permitted her; she was at the mercy of the stranger. British goods were forced upon her without paying any duty; and the foreign manufacturer employed the arm of political injustice to keep down and ultimately strangle a competitor with whom he could not contend on equal terms."*<sup>51</sup>

This employment of the arm of political justice happened at the time when England had such enthusiastic advocates of humanity like Cobden and John Bright, expert economists like Ricardo and serious administrators like Robert Peel. These people invested all their intellectual and mental energies in repealing the Corn Laws in order to feed the poor people of England but it is such a shame that right before their eyes, the food of the Indian workers and artisans was being stolen and they were so silent on it as if it wasn't even worth noticing.

## **REIGN OF THE QUEEN OF ENGLAND**

In 1857, after the putting out the fires of "Mutiny", the Queen of England assumes direct control of the Indian Subcontinent from the Honourable East India Company and comes a proclamation from her:

*"When, by the blessing of providence, internal tranquility shall be restored, it is our earnest desire to stimulate the peaceful industry of India, to promote works of Public Utility and Improvement, and to administer its Government for the benefit of all our subject's resident therein. In their prosperity will be*

*our strength; in their contentment our security; and in their gratitude our best reward. And may the God of all power grant to us, and to those in authority under us, strength to carry out these our wishes for the good of our people."*

This proclamation, in principle, opens a new chapter in the history of our country. And naturally, it would be our deep desire to see how far Government's glorified desires to stimulate peaceful industries, promote works of public utility and welfare of its subjects be practically implemented.

We do get really curious, in this age, as to how much the government of Kaisar-e-Hind (Empress of India) has tried to achieve the sweet fruits of "her strength in our prosperity", "her security is our contentment" and "her best reward in our gratitude". We hope that the period of government which began with such auspicious intentions, will surely be filled with abundance and affluence but unfortunately, we see a totally different picture and even in this period of ensuring our prosperity, we are being shoved into the degrading holes of wretchedness and destitution for the sake of big, fat capitalists of Lancashire.

To get a brief idea of this situation, let's take a look at the history of taxes.

## **GOVERNMENT OF INDIA'S POLICY REGARDING THE LEVYING OF TAX**

The European method of textile production was introduced to India in 1856 when it was in Bombay that the first cotton mill was opened. Although in 1826 an attempt was made to open it but for 20 years, it couldn't be realized. When in 1856 the first mill was opened, the weavers of Lancashire were panic-stricken. They saw this new-born industry as the

harbinger of big, incoming dangers and decided to smother it in its crib. Therefore, we see it from day one that behind the policy of the Government of India, it's the representatives of Lancashire who are calling the shots. And all the tariffs act that have been passed till now, there is not one which took India's interest into consideration.

India's first ever tax document drafted under the British Crown was in 1859 as per the instructions of Lord Canning, which abolished special privileges of the British goods and levied 20% on all luxury items, 10% on cotton fabric and 5% on reams of thread. This caused a commotion in the English traders and a voice was raised in unison from Bombay and Calcutta to London that this policy is trade-killer. In 1860, when Mr. James Wilson was sent to India as her first minister, he was instructed then and there, before his arrival, to restructure the tax programme. Therefore, upon his immediate arrival, he fixed all the import duties at 10% and exempted Indian raw material from the tax. In 1861-64 and 1867, the tax programme was regularly adjusted in accordance with the interest of Lancashire. In 1871, the Government of Lord Mayo passed a separate law which fixed import duties of  $3\frac{1}{2}\%$  on thread, 5% on cotton fabric,  $7\frac{1}{2}\%$  on colours and 5% on woollen cloth against the export duties of 3% on Indian cotton fabric,  $4\frac{1}{2}\%$  pence per hundred-weight on grains and 3% on raw leather.

In the same period, the House of Commons appointed a select committee to deliberate the issue of tariffs on the imports and exports of India, before which some very important testimonies were presented, including the testimony of Sir Bartle Frere who said:

*"In this regard, interests of India have been contrary to England's. There is no doubt that revenue can be raised to a certain extent by raising the import duties, but it would inevitably cause a slump in the consumption of British goods in India."*

Mr. Walter Cassels stated his thoughts in much clear words. He declared the 5% tariffs on the cotton fabric is prohibitory and protectionist and said:

*"I do not know whether you are aware that, for instance, in the Bombay presidency there are 12 cotton mills, employing 319,394 spindles, 4199 looms and 8170 hands, consuming, I think, 62,000 bales of cotton of 400 lbs. each annually."*<sup>52</sup>

The point was that the Indian cotton mill began to grow a little faster. In 1858-59, the value of their imports was £813604. In 1863-64, it got £1167577. In 1869-70, it was £1298757 and in 1876-77, it grew to £1935198. This growth was very unpalatable to the weavers of Lancashire and naturally so because for a century, they worked tirelessly to finish this "weak race" off and now this race is rising from the ashes. Therefore, on 31 January 1874, the Manchester chamber of commerce addressed a memorial to the Secretary of State for India.

*"The Memorialists urged that the duties of 34 per cent. on yarns and 5 per cent. on British cotton manufactures imported into India were assessed on tariff rates fixed many years ago, when values ruled much higher than at present; so that the duties thus levied actually amounted to 4 per cent. on the actual price of yarn in India, and early 6 per cent. on cloth.*

*That the Chamber were informed that it was proposed to import Egyptian and American raw cotton into India (no duty being charged thereon) to manufacture the finer yarns and cloth and would thus compete with goods received from England on which duty was*

*levied. That a protected trade in cotton manufacture was thus springing up in British India to the disadvantage both of India and Great Britain.*

That the duties increased the cost to the Native population, or at least to the poorest of the people, of their articles of clothing, and thereby interfered with their health, comfort, and general well-being.”<sup>53</sup>

At that time, new parliamentary elections were going on, and every person knew what value the Lancashire votes have. Hence in such a situation, what could the ministry have done other than bowing to them. In response to that memorial, the “The Government, however, held out a promise that a committee of revision would again be convened in the following cold season. This did not satisfy the Manchester Chamber. They reminded the Secretary of State that in their memorial they had only incidentally referred to valuations, and that their main object and prayer was the total and immediate repeal of the duties themselves. And they added:- The statements as to the baneful operation of these duties on commerce, and on the best interests of her Majesty's subjects, both in India and in England, are abundantly confirmed by the latest advices from Bombay, which show that, under the protection extended by the levying of duties on imports, to the spinning and weaving of cotton yarns and goods in India, a large number of new mills are now being projected.”<sup>54</sup>

*“According to their promise the Government of India formed a Committee in November 1874 with a view to the revision of tariff valuations. Mr. Alonzo Money, C.B., was appointed president, and all the members were English merchants or officials.”*

Although Lord Northbrook didn't accept this proposal, but he did reduce the evaluation of the goods which resulted in the overall loss of nearly £308,000

But being content with wiping tears off his face was hard for Lord Salisbury. By objecting to the Viceroy's sovereign behaviour, he made a suggestion to send for Sir Louis Mallet, Under-Secretary for India to seriously think about completely abolishing import duty. This led to extremely bitter correspondence between the Secretary of State to India and the Viceroy and finally in 1876, Lord Northbrook resigned, which was largely based on this dispute. After this, Lord Lytton succeeded Lord Northbrook as Viceroy. Besides being a conservative, he was also a man of strong character. That's why Salisbury began to press him since day one and campaigned, through his numerous correspondence with him, to abolish the disputed tariff. It was the period when famine had gripped India without an end in sight and the situation was further worsened by inflation of the grains. But since this was a lame excuse to Salisbury, he pushed the matter forward and on 11<sup>th</sup> July 1877, the following resolution was passed in the British House of Commons:

*"That, in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay, so soon as the financial position on India will permit."*

Lord Salisbury forwarded the Resolution of the House of Commons to the Indian Government and referred to the growth of the industry of Indian cotton mills day after day in such an alarming way as if a huge army was being raised to attack England. In

reality, it was very painful for them that five more mills were about to begin work; and that it was estimated that by the end of March 1877 there would be 1,231,284 spindles employed in India.<sup>55</sup>

But the Secretary of State for India was not a strong willed and character like Lord Northbrook. Lord Lytton, neither has the power to resist nor resistance was any part of his policy. Hence, he exempted from duty some imports with which Indian manufactures were supposed to compete thereby making a further sacrifice of revenue of £22,227 for Lancashire. Even this, however, did not give satisfaction to the Manchester Chamber of Commerce. They put pressure on the Government of India to accept their demands totally. Ultimately, Lytton committed the most shameful thing of his tenure. His council was not ready to dance to the tunes of Lancashire.

Sir Andrew Clarke, Sir Alexander Arbuthnot, Mr. Thomson and Mr. Whitby Stokes strongly objected to the policy of abolishing the import duty; Indian public opinion too protested against it strongly. But the viceroy did not care for anyone and by using his power to act against the opinion of the majority of his councilors in certain cases passed a new law in 1879 according to which all imported cotton goods containing no yarn finer than 30 s were exempted from import duty. This move was somewhat more than what the parliament had desired because it was made at a time when India's financial condition wasn't demanding it, Southern India had not yet recovered from the Madras famine, of 1877; When Northern India was still suffering from the famine of 1878; when new cesses on land had recently been added to the Land Revenue; when the estimated budget showed

a deficit; and when troubles and vast expenditure in Afghanistan, were impending.

After Lord Lytton, in the period of Lord Ripon, when peace was restored, the first thing that was of concern for the Finance Minister of the Government of India, Sir Bering (Later Lord Cromer) was to abolish the rest of the import duty too. Therefore, except for salt and wine, he purified the 1882 budget from all the protective tariffs. But the one thing which had no right to receive any of their generosity was the increased tax which was being imposed upon the poor farmer since 1871 and from which he just couldn't liberate himself even during famine.

This was the situation for twelve years, during which the unreasonable military policy of Lord Dufferin and Lord Lansdowne ruined the fiscal balance created by Lord Ripon to such an extent that the budget of 1894 suffered a loss of more than £ 2 million. To compensate for this, a committee was appointed under the chairmanship of Lord Herschell and the only task entrusted to it was to contemplate new possibilities for imposing more tax. The committee presented its report in March 1894 declaring that there is no choice but to reimpose the import duty. Therefore, in the same month the tariffs act was passed which reimposed the tariffs abolished by Sir Evelyn Baring with the usual exception of the cotton fabric. This was severely criticized both in and outside the council and considered this exception of the cotton fabric to be the clear sign of Government's impure intentions. Lord Elgin was very adept at such things. In that very year, in December, he reintroduced 5% import duty on cotton fabric and yarn, in his budget. Along with that, he imposed 5% duty on the



products of Indian mills so that Lancashire and Bombay could come to the same level.

Obviously, this move by Lord Elgin was highly condemnable for this unmasked the British Government in India. Nonetheless, mass hysteria took hold of the English weavers. A heated debate ensued in the parliament on 11<sup>th</sup> January 1895 and Sir Henry Fowler (Secretary of State for India) clearly declared that "the Government of the Empress of India, advises the Government of India to pursue the established policy of avoiding the injustice of protectionism." Six days later, a Scottish delegation of weavers and dyers visited Secretary of State and a few days afterwards Lancashire sent their own delegation too and everyone insisted on immediately exploiting the "injustice of protectionism." The Liberal Government fell in those days and conservatives formed their Government which had already made deal with Lancashire.

The new Secretary of State, Lord George Hamilton, after taking on the portfolio, wrote to the Government of India in 1895:

"It is better for both India and Britain that the Indian ports are free from import duties as they were from 1882-1894 but the situation of Indian finances was forcing the Government to keep continuing import duties, so they should be structured on such principles by which neither the promises of the Government are broken nor the door for constant complaints are opened."

As though it was an open advice that more injustice was needed than this to crush Indian industries. And it wasn't strange for that man to accept such degrading advices who wasn't prevented by any good sentiment to decree import duty on domestic

industry. Therefore, in January 1896, Lord Elgin exempted all kinds of yarns from import duty. Import duty on cotton fabric was changed from 5% to  $3\frac{1}{2}\%$ ; duties were imposed on even the most insignificant cloth. This law was hotly debated in the council and every person condemned it who had an iota of humanity in him. But it was Viceroy's decision and no law of morality and humanity could reject it.

He didn't even like to make even small changes to his established proposal. It would be unnecessarily lengthy to mention the speeches made in the legislative council here but it is impossible to proceed any further without mentioning a small part of Mr. Piley Fair's speech, representative of Calcutta's European Trade Association:

*"It's proved now after all kinds of investigations, that the cloth made from the yarn below 20 s in the Indian workshops, cannot compete with Lancashire in any way. But the question is what kind of great danger does Indian trade pose upon which this uproar is based. A study of statistics tells us that spindles running on steam are a quarter of all the spindles of the world and the looms, an eighth of all the looms of the world."*

Compared to Britain, which is the owner of a third of all spindles and looms in the world, isn't India worthy of having even a small portion?...The meaning of the clauses of the current bill is that by reducing 37% import duty on the goods of Lancashire, you are raising 300% duty on Indian goods.

The injustice committed in 1894, still persists. In 1914-1917, when the burden of war expenditure was placed on India, import duty on all goods was raised with the only exemption of cloth. From 1917-18, import duty of  $3\frac{1}{2}\%$  was raised on cloth too but the

proposal to abolish duty on the system of Indian mills wasn't even considered, rather it was decided to double it. And had the Legislative Assembly not opposed it, it would have been enacted.

There is no need to waste breath on this deplorable policy, every person who takes a superficial look at it will find it easy to decide how far the established policy of this announcement has been implemented, an announcement in which the auspicious desire to "stimulate the peaceful industry of India" was expressed. All the governments of the world encourage their skilled workers in order to develop their industries and by raising import duty on foreign goods they regularly ease the manufacturing and sale of domestic goods. But here, all opportunities are given regularly to the growth of foreign goods for the explicitly stated purpose, and by imposing high tariffs on domestic skilled worker, no stone is left unturned for his discouragement.

## **CURRENT INDUSTRIAL POLICY OF THE GOVERNMENT OF INDIA**

It is said that there has been a change in Government's policy since few years that it now actually wants to develop Indian industries. What we have to see is how far it is based on reality. For this, we have to take a look at current industrial policy of the Government of India.

Although famines were quite a regular feature of 18<sup>th</sup> century India and millions of lives were lost to it but the famous famine of 1877-78 was so severe that it was unprecedented in the history of India. This famine opened the eyes of the Government and forced it to appoint a commission to investigate the causes of this

famine and find out ways to alleviate its severity. In 1880, this commission was appointed under the Chairmanship of Sir Richard Strachey. It presented a detailed report after a complete inquiry into the matter and recommended, by declaring the absence of domestic industries to be the biggest cause, to blow a breathe new life into them. On its page 103, the Commission wrote:

"The biggest of the terrifying famines in India and the chief reason for the obstacles in the way of helping the victims out is that the predominant section of the domestic population is totally dependent on agriculture. That's why when it rains a little less in some years or doesn't rain at all, the common people who have no livelihood other than agriculture, suffer from the destruction of harvest and the working class doesn't have enough money to buy grains. The only remedy for this lamentable state of affairs is to develop industries and by creating jobs other than agriculture, minimize the harmful effects of the ups and downs of the climate.

Later when another famous famine of 1899-1900 occurred, the Government once again appointed another Commission under the Chairmanship of Lord (at that time Sir) McDonald. He too, by lending support to his predecessor, said in a tone of protest that "as far as wiping tears off the face is concerned, we have done that quite a lot but taking actual steps to stop the famines from happening again and again, we have been quite sluggish in that regard". In that same period, Indian National Congress was already formed to express national desires of India and it always used to raise the issue of industrial revival of the country with the Government in every one of its meetings.

Even numerous members of the Government too were emphasizing on the need for the Government to lend its support to the industrial endeavours in the beginning. All this debate forced the Government to a certain extent and in 1882, a Commission was appointed to look into the condition of education and the possibilities of its future development, which gave the recommendation to focus on industrial education. The Royal Commission Report of 1884, specifically drew Government's attention to the need for developing material resources of India. On 18<sup>th</sup> June 1888, the Government of India, admitted in its resolution, that till now, India's education has been totally limited to literary education and now there is a serious need to add industrial arts and sciences to education. Along with that, local Governments were instructed to take necessary steps to encourage industry in their respective provinces. In 1901, Lord Curzon convened a conference to deliberate on educational issues and one of the aims of it was to make such changes to higher education which could become more practical and effective. One of the practical consequences of this conference's recommendations was that Indian students were sent to Europe and America to get industrial education and £150 per year were set for this purpose. The United Provinces and Madras made some progress i.e. Madras opened an Aluminum workshop under Government's supervision which operated successfully for some time. United Provinces too set up two or four workshops and some of the sugar mills received aid too. Apart from them, numerous other provinces created positions of Director of Industries and Government of India itself created in 1905, Imperial

Department of Commerce and Industries. But according to Sir John Hewett (Ex-Lieutenant Governor, United Provinces)

*"perhaps all issues related to industrial and vocational education have been discussed quite a lot but very little attention had been paid to taking practical steps."*

This thought has always been quite predominant in the Government's Industrial policy that it has no undertaking other than easing education. And the way this obligation of "easing the education" has been delivered can be understood from the fact that merely Rs.2250 per year were allocated as stipends from which hardly hundred students were able to take benefit in 20 years of time. Aside from that, in 1904, Rs. 5000 per year were approved for an Association in Bengal, the purpose of which was to send youngsters to America and Japan for this kind of education. But when the war broke out, the first head of accounts which was deemed necessary for its budget to be slashed in half was this.<sup>56</sup>

To explain Government's Industrial Policy more clearly, it is necessary to mention here what Lord Morley, Secretary of State, replied when the Government of Madras prepared a scheme to develop the industry and skill of its province through more practical means:

*"The results of the efforts that have been made to set up new industries have utterly failed to remove my doubt which I have regarding the need for the Government to intervene, except in the scenario where efforts are made strictly to stop them from getting commercial and limiting them to mere vocational education."*<sup>57</sup>

"A little more permission, Morley gave in his dispatch, strongly urging the Government of India and

the Provincial Governments is that machines can be brought in for the kind of education that cannot be imparted just through books. But it should be borne in mind that it is only for the purpose of experimentation.<sup>58</sup>

Previously, a fake and "only for show" kind of enthusiasm was produced, but now, after pouring water over it, even that kind of fiery enthusiasm is put out. In the words of Indian Industrial Commission

*"the impact of this policy was that the Government of India couldn't even approve an amount in its budget to spend on the department of industry and skills, which could be put to use at least in accordance with Lord Morley's narrow viewpoint."*<sup>59</sup>

The new age of this policy begins when the Great War started in 1914. Due to the sudden breaking out of the Great War on three continents of Europe, Africa and Asia, maritime traffic between Britain and India got severely affected to a great extent, and the British nation was getting buried under the pile of problems against the empires of Central Europe. In this difficult time, on one hand the Government of India was forced to realize how helpless a pure agricultural country like India is in protecting itself in war times and on the other hand the Government realized that by sacrificing India for the British Industry, it has deprived itself of the benefits from a fertile country like India. These realizations are found quite prominently in all the war-time official documents.

On 26<sup>th</sup> November 1915, Lord Harding stressed this issue in one of his letters to the Ministry of India, that there is a serious need for the Government to bring about a fundamental change in its Industrial policy.

"The fact is getting as clear as daylight with each passing day that it is absolutely necessary to adopt a

complete and self-scrutinizing policy after the war, to develop industrial capability of India. The Indian public opinion on this issue is unanimous and cannot be neglected. Craftsmen, Politicians and general educated class are all have been demanding industry for a long time. Therefore, we need an Industrial policy which could enable India to produce better results of technical education and reduce the growing desire of Indians to enter Government employment by lowering the excessive pressure on purely arts education which naturally produces such a desire. After the war, India will feel deserving of this help which can be given by the Government to her to gain the status of an industrial country."

In May 1916, the Government of Lord Chumsford appointed a Commission to inquire into why Indian capital be invested in profitable industry and trade and possible ways for the Government to develop domestic industry. After conducting its inquiry till 1918, the commission presented its report and one of the fundamental principles of its recommendations was that from next time Government should participate in the domestic industrial development so that it doesn't depend on other countries for material and man-powers. Some of its lines are worthy of study. Mentioning the short comings, the members of the Commission write:

*"The list of industries which, though their products are essential alike in peace and war, are lacking in this country, is lengthy and almost ominous. Until they are brought into existence on an adequate scale, Indian capitalists will, in times of peace, be deprived of a number of profitable enterprises whilst in the event of a war which renders sea transport impossible, India's all-important existing industries will be exposed to the*



*risk of stoppage, her consumers to great hardship, and her armed forces to the gravest possible danger".<sup>60</sup>*

After making a detailed comment on India's current industrial weakness, the potential for growth and Government's neglect in this regard hitherto, the Commission presented its scheme which was comprising of extremely complete recommendations related to the organization of the industrial departments of central and provincial governments.

In the same period, according to the 1914 announcement of Mr. Montagu (Ex-Secretary of State for India), he came to India to study India's condition concerning Constitutional reforms. And he prepared a report with Chumsford (Ex-Viceroy) known as Mont-Ford Scheme which stayed on people's tongue for quite a long time. That report emphasized quite strongly and with extreme clarity the need for change in the industrial policy and the role of the Government in the industrial revival of the country. We find the following words in its paragraph 324:

*"We have mentioned it at some place else that the English viewpoint regarding the renewal of Government's sphere of action is inapplicable to India, we are certain that this view of ours regarding industrial policy too is absolutely right. And if there is a need to develop the resources of this country, then the Government should work on it."*

It is mentioned in paragraph 336:

*"There is a need to have a policy in advance for industrial development in every capacity not only for the purpose of elevating India's industrial stature but also to fulfill the desires of the people of India who are anxious to see their country as an industrialized country in the world, but also to create a larger field of work for the encouragement and talent of Indian youth who are still focusing only on Government service or*

*just few jobs. And also to direct the commercial proclivity of Indian thoughts towards more practical objectives and create a capacity in the country's inhabitants to bear the responsibilities which the new Constitution will place on them."*

They write further in another paragraph:

*"So that was the political aspect, which was mostly related to India. But in our view, the economic and military interests of the Royal Government also demand that from next time, the resources of India should be used in a more beneficial way. We cannot asses how much India could provide stability to the empire in the capacity of an industrialized country. Current Great War has thrown light on the importance of war economics too. We know that the possibility of temporary disruption of our maritime traffic is forcing us to think that there is a need to trust India as a military centre in the Eastern fighting fields. Given the increase in wartime material, from the position of variety if not sovereignty, as a result of the actions of an industrially developed group, it appears that developing natural resources of India for affairs of war is a necessity."*

But sadly, all this talk was just an expression of opinion because in reality, no change has occurred yet in Government's policy. Right in the middle of the war, when such lofty things were being said, when a huge load of £100 million was dumped on India, and when the Government of India decided to double the import duty on cotton fabric, the combined strength of the Labour Party, the Irish Nationalist Party and the Lancashire vote pressured the English Government to go against it. Even a great strategist like Mr. Alloqueth supported it and, in the end, the Ministry of India was forced to stop the process. All Mr. Montagu and Lord Chumsford, whose powerful advocacy you have just

read, did practically was that they left India's financial policy in the hands of the Government which was answerable to the Parliament and the Secretary of State. That's why they were forced to prefer the interests of Lancashire over India.

We were told during war period that this is a very dangerous time and hence the recommendations that are being made now shall get implemented after the war. We believed in it and pinned our hopes on it that after the return of cannonry there will be factory, with high rise chimneys, but the moment the peace treaty of Versailles was signed, the same old era returned.

Although big departments have been established for industry and skill, the only effort made by the Government for the encouragement of industries was that it makes a decision to double the import duty on goods and fully favours British industrialists to buy material for Government needs. It's possible that the Government might present a few examples in its support but what worth do these examples have in the eyes of these people who are aware, by looking at the examples of Germany and Japan and by studying the industrial and educational history of England that how countries have been transformed by Government support.

50 years ago, Japan was very backward compared to us, industrially, educationally and agriculturally too. But it has made such great strides in its industries, thanks to its enlightened Government, that after America and England, there is no country in the world which is its equal.

60 years ago Germany too was an agrarian country just like us. 65% of its population used to get its livelihood from the strength of its cultivation. But the

result, we are seeing, of the successful guidance of the House of Hohenzollern-is that Germany is among the most industrialized countries of the world.

Before 1870, England's position was so bad that in the industrial exhibitions of Paris and London, the hearts of the English nation used to sink by looking at its industrial inferiority compared to Germany and France. But the amazing results, given by that great revolution brought about by the passage of the Elementary Education Act can be seen today in the form of British nation's industrial superiority. Can our Government present its results in the face of such examples?

This is but one chapter of 150 years of India's economic history which is presented for the ease of the readers as briefly as possible.

Now there is no need for any opening remarks on it for the natural disposition of every person can draw its own conclusions. However, if I want to say something then it would be that the study of this entire history rather illustrates the truth of this statement in which it is expressed thus:

*"The rule of a nation is a meaning and a truth in itself, But a meaningless thing like one nation's rule over another, can neither be established, nor sustained, a nation rules. Over another only for its own benefit and only to make it a means of digging gold."*

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